

REMARKS

The Examiner's helpful consideration during the personal interview conducted on January 23, 2001 is acknowledged with appreciation. In view of the agreement reached at the interview, and in view of the foregoing amendments and the following remarks, reconsideration and allowance of this application are requested.

Claims 11-25, 33-55, 64-99, and 133-218 remain pending with claims 11, 20, 33, 40, 43, 49, 54, 55, 133, 146 and 212 being independent. Claims 11, 14, 16, 18, 20, 21, 33, 35, 40, 43, 49, 51-55, 133, 145 and 146 have been amended and claims 148-218 are newly presented for consideration.

Claim 35 has been amended to provide proper antecedent basis for "the database-to-presentation formatting program." Accordingly, all claims as presented comply with 35 USC 112.

For the reasons set forth at pages 2-7 of the office action, claims 11-25, 33-55, 64-99, and 133-147 stand rejected under 35 USC 103(a) as being unpatentable over one or more of Salmon (USP 5,592,375), Sharp ("From Army Knives to Gold Coins"), Debenedictis (USP 5,625,823); Keithly (USP 5,584,025); an article entitled "Internet Providers Take Next Step Toward Electronic Commerce" (hereafter, "Internet Providers"), and multiple unsupported assertions of inherency and obviousness. These rejections and assertions, and their underlying rationale, are traversed in their entirety.

However, without conceding the propriety of the Examiner's position, and solely to expedite allowance of this application, each of the pending independent claims has been amended to include an additional feature that was agreed during the interview not to be disclosed or suggested by the art of record. For example, independent claim 11 has been amended to recite that input relating to scheduling an auction for an item is received from a seller of the item and

that an auction for the item is conducted based at least in part on the received auction scheduling input. Support for this amendment is found in the specification and drawings at least at page 18, lines 23-27, and in Figures 3-4. Accordingly, because the art of record fails to disclose or suggest this feature, independent claims 11, 20, 33, 40, 43, 49, 54, 55, 133, 146 and 212 are allowable for at least this reason.

The remaining claims depend directly or indirectly from the independent claims discussed above. Accordingly, the dependent claims are allowable at least for the reasons that their respective independent claims are allowable and for reciting allowable subject matter in their own right. Independent consideration and allowance of the dependent claims are requested.

In particular, dependent claims 66 and 67 are additionally allowable for their recitation of receiving subjective information from the seller of the item to be auctioned. Contrary to the Examiner's assertion, Sharp does not disclose or suggest that the seller-provided information includes subjective information about the item to be auctioned. To the contrary, Sharp states that "collectors send messages offering their coins" and the human operators of the Acorn auction "check[] for authenticity and for the accuracy of the asking price." Sharp at paragraph 21.

Dependent claim 145 is further allowable for its recitation that receiving information from the seller of the item to be auctioned further comprises receiving information relating to an advertisement for the item. As discussed in more detail below, the Examiner has failed to identify a reference that provides a teaching or suggestion of this additional feature.

Applicant asserts that the foregoing claim amendments render moot the outstanding rejections and their underlying rationale. Nevertheless, in order to preserve its rights, applicant sets forth the following responses to assertions made by the Examiner in the office action. Applicant reserves its right to supplement its responses if the Examiner persists in rejecting the claims for the stated reasons.

As an initial matter, applicant takes exception to, and specifically traverses, the multiple assertions of inherency improperly made and relied upon by the Examiner. The Examiner is reminded that deeming a feature as “inherently disclosed” requires that the alleged inherency is the *necessary and inevitable* result of practicing what is asserted to embody the inherent disclosure. *In re King*, 231 USPQ 136 (Fed. Cir. 1986) (emphasis added). None of the Examiner’s asserted inherencies satisfies this strict standard. For example, the following demonstrates that the allegedly inherent features are not in fact “inherent” because each is susceptible to at least one, and more likely several, alternative scenarios:

Page 3, “*submitting payment information is inherent since this is at minimum a requirement to offer a legitimate bid*”: To the contrary, most if not all existing online auction systems do not require bidders to submit payment information as “a minimum requirement to offer a legitimate bid.” For example, the Examiner is invited to try out eBay at <http://www.ebay.com> which imposes no such requirement.

Page 3, “*inherently seller financial information since this is necessary for at least registration fees and commission fees and monthly charges*”: Here too, several auction systems exist that do not require sellers to provide financial information. See, e.g., <http://www.epier.com>. Moreover, the Acorn auction system disclosed in Sharp cannot be said to inherently require sellers to submit financial information since the registration fees, commission fees and monthly charges just as likely could have been paid by cashier’s check or money order. Accordingly, providing seller’s financial information is neither “necessary” nor “inevitable” and thus cannot properly be deemed an inherent feature.

The foregoing represents two examples of a feature improperly being deemed “inherent.” The Examiner is requested to acknowledge the impropriety of, and retract, these assertions.

Similarly, in at least 13 instances noted below, without citing any support in the art of record, the Examiner has improperly deemed a feature or suggestion to be “obvious” or “well-known”:

Page 4, “obvious to have used the Internet ...”

Page 4, “obvious to have the presentation format comprising a hypertext markup language ...”

Page 4, “obvious to have provided to the Internet participant instructions for sending payment information ...”

Page 4, “obvious ... to have opened and automatically closed the auction ...”

Page 4, “obvious to have implemented a world-wide-web interface ...”

Page 4, “obvious to have implemented a packet-switched network for the auctioning system ...”

Page 4, “obvious to have refused bids after a closing time or after a higher bid has been received ...”

Page 5, “obvious to have notified the seller in response to receiving information and to have notified bidders of bid acceptance ...”

Page 5, “obvious to have advertised on the medium used by participants ...”

Page 5, “obvious to keep the asking price or reserve price undisclosed ...”

Pages 5-6, “obvious ... to have implemented the payment system as described in ... Salmon and Sharp ...”

Page 6, “obvious to have verification and assent to terms of sale before processing the bid ...”

Page 6, “obvious ... to have included the information of the interface of Debenedictis in the systems of Salmon and Sharp ...”

Applicant traverses all of the above assertions and submits that such statements by the Examiner represent an improper use of official notice to reject the claims under section 103. As explained in MPEP 2144.03, official notice can properly be used only to establish facts that capable of “instant and unquestionable demonstration as being well-known.” In re Ahlert, 424 F.2d 1088, 1091 (CCPA 1970). Moreover, official notice may be used only to “fill the gaps” and cannot be used as “the principal evidence upon which a rejection is based,” Ahlert, 424 F.2d at 1088, or as the motivation for combining or modifying references. Ex Parte Grochowski, No. 95-1343, slip op. at 5 (Bd. Pat. App. & Int. June 27, 1995). Accordingly, applicant hereby challenges the Examiner’s assertions of official notice and other various assertions of fact appearing throughout the office action and requests the Examiner either to retract such assertions or to cite a prior art reference in support of each of the assertions.

Further, applicant submits that in making the claim rejections under 35 USC 103, the Examiner has failed to identify a proper motivation or suggestion in the art to combine the references. To the contrary, a specific *disincentive* exists to combine Salmon and Sharp, as discussed below.

As the U.S. Court of Appeals for the Federal Circuit has repeatedly explained:

Obviousness cannot be established by combining the teachings of prior art to produce the claimed invention, absent some teaching or suggestion supporting the combination. Under section 103, teachings of references can be combined *only* if there is some suggestion or incentive to do so. The prior art fails to provide any such suggestion.

ACS Hosp. Sys. v. Montefiore Hosp., 221 USPQ 929, 933 (Fed. Cir. 1984) (footnotes omitted) (emphasis in original).

At page 3 of the office action, the Examiner first asserts that the motivation for combining the database system of Salmon with the online auction of Sharp is provided by “the advantage of lower costs [associated with auctions] as compared to brokering as suggested by Sharp.” It is respectfully submitted that the Examiner is mistaken – Sharp makes no such suggestion that auctions as a general matter have lower attendant costs or commission structures than other forms of commercial transactions. Rather, Sharp merely notes that the particular commissions charged by the “Acorn” auction happen to be lower than commissions traditionally charged by coin dealers. Sharp at paragraph 23. Contrary to the Examiner’s assertion, nothing in Sharp discloses or suggests that commissions charged by auctions are necessarily, or even generally, less than those charged by other commercial intermediaries.

Also contrary to the Examiner’s assertion at page 3 of the office action, the Acorn auction system disclosed in Sharp does not necessarily provide the “possibility of receiving more money than the asking price or base price for the items thereby providing incentive to users to choose auctioning over brokering.” Rather, by their nature auctions do not use “base prices” or “asking prices” but rather only impose a minimum bid price and, potentially, a reserve price. It is just as likely that the minimum and reserve prices set by the auctioneers or sellers could be lower than an asking price set by a dealer. Accordingly, there is nothing inherent about auctions that makes them necessarily more attractive or lucrative than other forms of commercial exchanges.

Moreover, as noted above, the Examiner is further mistaken in asserting that the “auctioning” disclosed in Sharp is interchangeable with the “brokering” allegedly disclosed in Salmon. To the contrary, Salmon use of the term “brokering” is somewhat of a misnomer. At best, Salmon relates to “brokering” data (i.e., intermediating the communication of information) in a database and does not in fact relate to, or disclose, “brokering” in the sense intended by the Examiner – namely, acting as a commercial exchange to facilitate transactions relating to the sale

of goods or services. (See, e.g., Sharp at paragraph 3, using “brokerage” in this sense). Rather, Salmon merely discloses a knowledge-based database system that facilitates communication between sellers and buyers. Notably, Salmon makes no disclosure of online auctions, online markets or any other exchange for actually transacting electronic commerce. Accordingly, a person of skill in the art would have no motivation to substitute Sharp’s online auction for the information “brokerage” of Salmon. Indeed, because the two systems represent an apples-oranges comparison, a skilled artisan would be greatly confused by the notion that Sharp’s auction is somehow interchangeable with Salmon’s database system.

Accordingly, the Examiner’s asserted motivation to combine Salmon and Sharp is based on an incorrect understanding of Sharp and Salmon and thus is improper.

At pages 3-4 of the office action, the Examiner alternatively asserts, without any reference to the prior art, that a person of skill in the art would be motivated to combine the database system of Salmon with the online auction of Sharp because to do so would “reduc[e] costs and would have provided a more enhanced auctioning system by providing users with more information in terms of graphics/multimedia thereby promoting use by the public.”

It is respectfully submitted that the Examiner is impermissibly engaging in hindsight reconstruction. Virtually any person of skill in the art, when presented with an enabling explanation of a novel invention, such as disclosed and claimed in the present application, could indiscriminately pick and choose elements from among the prior art to reconstruct the invention. However, combining references in that fashion without any suggestion or motivation *in the prior art* to do so constitutes legal error. *In re Fine*, 5 USPQ2d 1596, 1599-600 (Fed. Cir. 1988).

Applicant respectfully submits that the Examiner cannot point to any such motivation in the art of record because none exists. To the contrary, in view of the stated goals and constraints of the auction system disclosed in Sharp, the art of record provides a *disincentive* to combining

Sharp with Salmon. Sharp indicates in several instances that an automated system for inputting seller's information into the auction database would be undesirable and indeed would undermine the integrity of the auctions. Specifically, Sharp's indication that Acorn desires to provide a simple auction having low commission fees [Sharp at paragraphs 1, 3, 5 and 23] suggests that developing and implementing an elaborate and expensive front-end database system such as disclosed in Salmon would be cost-prohibitive and would overly complicate the system.

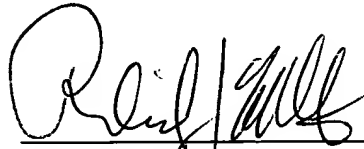
Furthermore, Sharp discloses that the Acorn administrators purposefully prefer, and indeed require, human intervention over an automated database front-end to maintain the integrity, accuracy and security of the auctions. Specifically, Sharp notes that (1) messages received from sellers "are completely private ... until [a human operator manually] read[s] them and transfer[s] them to the network" [Sharp at paragraph 19]; (2) "Such security is essential because of tight regulations on what can be said or done on a database accessible by the public" [Sharp at paragraph 18]; and (3) after a seller sends a message offering its coins, the Acorn administrators must check the coins for authenticity and for the accuracy of the asking price *before* "transferring the message onto the auction portion of the database" [Sharp at paragraph 21].

Accordingly, a person of skill in the art upon reading the above and other passages from Sharp would conclude that replacing the purposeful human intervention in the Acorn auction system would be undesirable and would frustrate many of Acorn's constraints and objectives. Such a clear "teaching away" militates strongly against a conclusion of obviousness under section 103. *Cf. Gillette Co. v. S.C. Johnson & Son*, 16 USPQ2d 1923, 1927 (Fed. Cir. 1990) (affirming conclusion of non-obviousness where, *inter alia*, the prior art would have discouraged a person of skill in the art from combining the references in question). Accordingly, the section 103 rejections of the claims are improper for this additional reason.

In view of the foregoing, this application is in condition for allowance and a notice to that effect is requested.

Respectfully submitted,

BURNS, DOANE, SWECKER & MATHIS, L.L.P.

A handwritten signature in black ink, appearing to read 'Richard J. McGrath', is written over a horizontal line.

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